

Commissioner Schultz asked who owns the land at present.

Ms. Byrnes replied Thomas Mannschreck owns the land

Commissioner Schultz asked if Butte-Silver has to show an option to purchase in order to apply for the tax credits.

Ms. Byrnes replied this is correct. Only a non-profit or a government entity is eligible to apply for tax credits. Butte-Silver Bow can be the applicant for the tax credits, but has to show site control of the property.

Commissioner Schultz asked who would eventually own the property.

Ms. Byrnes replied Butte Affordable Housing would have ownership of the property through a limited liability corporation.

Commissioner Schultz questioned if Butte Affordable Housing is a non-profit entity and could apply for the tax credits instead of Butte-Silver Bow.

Ms Byrnes replied the original intent was for Butte Affordable Housing to be the owner of the property and show site control. Butte Affordable Housing received a tax credit allocation last year (2009) and must complete their project. They have a one-year time frame before they are eligible to apply for another allocation. This is why Butte-Silver Bow needs to be an eligible applicant for the tax credits. Ms. Byrnes further explained the tax credits are necessary for the project to proceed.

It was moved by Commissioner Palmer and seconded by Commissioner Lee to concur with the request of Communication No. 10-15 and allow the Chief Executive to execute an Option Agreement to accept the donation of property from Thomas Mannschreck related to the construction of the Meadowlands Senior Housing Project.

Commissioner O'Leary asked how a local government receives a tax credit.

Ms. Byrnes explained a local government could receive tax credits through an allocation, which can be sold to someone who has a use for the tax credit to create the equity for the project. This is most likely how these will be utilized. Butte-Silver Bow will not be involved in the marketing and selling of the tax credits, but will transfer that ability to someone who can.

Commissioner Schultz questioned if Butte-Silver Bow is taking an option that will never be exercised.

Ms. Byrnes replied if all funding sources come through, Butte-Silver Bow will carry through with the option and the land will be purchased with these funds. Ownership will then be transferred to a non-profit organization that will benefit from the tax credits.

Commissioner Moodry asked Ms. Byrnes if the option price would be subject to a full appraisal once the funding is in place.

Ms. Byrnes replied this is correct; there will be a full appraisal, which will establish the value.

Commissioner Schultz asked what current owner paid for the land.

Ms. Byrnes replied she had no idea.

Commissioner Foley voiced his agreement with Commissioner Schultz. He stated a project should be able to stand on its own merits.

Commissioner Hall asked if Butte-Silver has done this before and is so, what was the outcome?

Ms. Byrnes replied to her knowledge, Butte-Silver Bow has never been an applicant for a tax credit, but other governments have been. She explained governments are eligible to apply for tax credits for this purpose.

Commissioner Morgan asked if there would be any cost to Butte-Silver Bow at the end of the day.

Ms. Byrnes replied there would be no cost to Butte-Silver Bow. Butte-Silver Bow is merely the vehicle to allow the development to be able to apply for the funding sources that are available and take advantage of them.

Commissioner O'Leary asked County Attorney Joyce if everything is 100% legal and will have no consequences down the road.

County Attorney Joyce replied she has reviewed both the Memorandum of Understanding and the Option To Purchase Agreement and assured Council that Ms. Byrnes representations are accurate. The Option Agreement is a vehicle to allow Butte-Silver Bow to be the applicant and it does indicate that Butte-Silver Bow has no obligation to follow through with exercising the option should the funding sources not become available. The Memorandum of Understanding is an additional document to provide assurances that Butte-Silver Bow does not have the responsibility for the development of the project. She further stated she is satisfied these documents protect Butte-Silver Bow.

Commissioner Schultz asked if Butte-Silver Bow is technically ineligible to apply for the tax credits because the non-profit organization is not eligible.

Ms. Byrnes replied Butte Affordable is not eligible to be the applicant for the tax credits, but Butte-Silver Bow is. Butte-Silver Bow has been open about the fact that Butte Affordable Housing will be the owner and operator of the property in the application to the Montana Board of Housing and the Department of Commerce.

The motion passed with a verbal vote of 10 yeas, and 2 nays with Commissioner Foley and Commissioner Schultz voting nay.

ADJOURN

It was moved by Commissioner Palmer, seconded by Commissioner Lee and carried by a unanimous verbal vote to Rise to the Call of the Chair.

CHIEF EXECUTIVE

ATTEST:

CLERK AND RECORDER